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UNCLAS SECTION 01 OF 04 ULAANBAATAR 000234

SENSITIVE
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SUBJECT: MONGOLIA LAUNCHES FOOD SAFETY INITIATIVE

Ref: A) ULAANBAATAR 205,
B) ULAANBAATAR 006,
C) ULAANBAATAR 013,
D) 04 ULAANBAATAR 372,
E) ULAANBAATAR 115

SENSITIVE BUT UNCLASSIFIED - NOT FOR INTERNET DISTRIBUTION

1. (SBU) SUMMARY: Calling 2008 the "Year of Food Supply and Safety," the Mongolian Government has launched a new program to improve food-handling procedures, raise awareness of food-quality issues, and decrease the country's dependence on imported food. The program, which comes in response to skyrocketing food prices and highly publicized incidents of food poisoning, is also aimed at improving veterinary services to raise the quality of domestic meat and milk; increasing import surveillance; improving food transport and storage conditions; increasing the number of testing labs at border crossings; and reclaiming farmland to increase crop yields. Unsafe food is regularly imported or smuggled in from China and Russia, and inspection authorities lack the capacity to prevent its sale and distribution through Mongolia's enormous gray economy. There is also a general lack of awareness among Mongolians about food safety issues. With food prices soaring, many Mongolian consumers are paying more attention to the price tag than to safety concerns. END SUMMARY.

"THE YEAR OF FOOD SUPPLY AND SAFETY"

2. (U) Reeling from skyrocketing food prices (ref A) and several fatal food-poisoning and contamination accidents, the Government of Mongolia (GOM) declared 2008 the "Year of Food Supply and Safety." Earlier this year, more than 50 people were poisoned and 16 died after consuming domestically produced vodka tainted with methanol smuggled from China (refs B, C) past bribed Mongolian Customs officials. On May 2, one person died and over 150 people were hospitalized in western Bayan-Ulgii province after being exposed to food poisoning at a wedding reception. According to the National Center for Communicable Diseases, last year 379 persons suffered from documented food poisoning in Mongolia; there were no cases of death. So far in 2008, there have been approximately 200 food-poisoning outbreaks ("outbreaks" defined as affecting ten or

more people). From 2002 to 2005, Mongolia recorded nine full-blown epidemics spawned by food-borne illnesses.

PROMOTING DOMESTIC FOOD PRODUCTION, REDUCING IMPORTS

13. (SBU) The initiative aims to promote domestic food production and reduce the country's dependence on imported food. It is also intended to raise public awareness and information on the quality of food products, and to ensure hygienic and safe food production and processing. The GOM has set up a working group for Food Security and Policy, chaired by the Minister for Food and Agriculture (MOFA) Ts. Gankhuyag and made up of representatives from the Ministries of Industry and Trade, Health, the Center of Standardization and Measurement, the State Inspection Agency and the Association for the Protection of Consumer Rights. (Note: MOFA's point man on food safety is one of several politicians believed to be behind the "disappearance" of some US\$22 million in wheat monetization funds through theft, fraud and mismanagement between 1993 and 2004; ref D. End Note.)

IMPROVING VET SERVICES, IMPORT SURVEILLANCE

14. (U) In addition, the GOM plans to spearhead several sub-initiatives, including improving veterinary services to ensure higher meat and milk quality standards; increasing import surveillance; and improving conditions for the transport and storage of food items. Unfortunately, the GOM has provided few details on how it hopes to achieve these goals. To wean Mongolia off its

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dependence on imported food, the GOM launched its "third campaign for reclaiming virgin lands" (ref E), which aims to increase harvest yields per hectare and to meet 100% of domestic demand by 2010. (Note: Experts have concluded that this goal will be difficult, if not impossible, to achieve. End Note.) The GOM is also promoting technological improvements in the packaging and labeling of food products.

15. (SBU) The GOM launched the initiative after several smaller-scale food safety initiatives failed. Training sessions and seminars by the State Special Inspection Agency (SSIA) on proper food handling and storage techniques failed to bring about noticeable improvements. Similarly ineffective were efforts by the UN's Food and Agriculture Organization (FAO) and World Health Organization (WHO) to encourage Mongolian industry to adopt Hazard Analysis at Critical Control Points (HACCP), good manufacturing practices (GMP), and good hygiene practices (GHP) -- key components of the safety management systems in the food supply chain. FAO and WHO recommendations for Mongolia's 1999 Food Law also went unheeded. FAO is now working with the MOFA to revise the National Program for Food Security, which was first developed in 2001 but did not anticipate food price increases and food shortages.

MORE THAN HALF OF FOOD SOLD WITHOUT GOM PERMISSION

16. (U) According to the SSIA, responsible for the enforcement of government food-safety policies, more than 50% of food items sold in Mongolia last year was sold without proper permission from the appropriate inspection authorities. Nearly 29% of the items failed to meet minimum standards for frozen food handling and storage, and 14.6% were improperly packaged. (Note: The Minister of Food and Agriculture recently said 80% to 90% of all food products consumed in the country did not meet minimum quality and hygiene standards. The source of these statistics is unknown. End Note.) In 2007, the SSIA carried out 98,100 inspections of food-production companies, restaurants and food-service businesses,, and issued 1,800 suspensions, of which 1,200 "serious offenses" resulted in the closure of the establishment. Some 900 million Tugriks (US\$800 thousand) worth of food was seized and destroyed, and fines and penalties of 270 million Tugriks (about US\$255,000) were imposed. (Comment: Given the hundreds of millions of U.S. dollars spent on

food in Mongolia each year, these figures do not appear to track with claims that 80 to 90% of all food products are tainted in some way. End Comment.)

INSPECTION CAPACITY REMAINS WEAK

¶17. (U) Inspection capacity remains weak, although the SSIA has over 700 inspectors nationwide. Some 300 are based in Ulaanbaatar, and 60% of them are dedicated to food-safety issues. The vast majority of Mongolia's food-related industries (food processing, restaurants, etc.) fall within the country's enormous and unregulated grey economy. These businesses usually prepare and handle food at homes or gers with little thought about hygiene or proper handling. Effective control requires SSIA to rely heavily on tips from the public and to work closely with local police.

PREVENTION, RATHER THAN CONTROL

¶18. (SBU) The SSIA is currently establishing a certificate program to persuade food-related businesses to improve their internal controls. However, the current inspection regime, which emphasizes control over prevention, only encourages food producers to avoid taxes, heavy fines and seizure/destruction of their products by changing labels or expiration dates on packaging, hiding excess products from inspectors, and selling them on to stores and restaurants. The

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recent vodka deaths are a case in point. The company that produced the tainted vodka deliberately deceived inspectors by illicitly producing the spirit at night and fudging production numbers to avoid taxation. Afterward, a spot inspection of vodka producers showed that 5% did not meet standards, and had to be shut down.

MANY UNSAFE FOOD PRODUCTS FROM CHINA, RUSSIA

¶19. (SBU) According to Y. Sanjmyatav, Chair of Parliament's Standing Committee on Environment, Food and Agriculture, much of Mongolia's "bad" food comes from China and Russia. Enterprising suitcase traders purchase food for import to Mongolia from largely unregulated gray-market producers in northern China. The sheer numbers, believed to be in the thousands, make border inspections difficult. Substandard food is frequently smuggled in, either through porous, uncontrolled borders, or by bribing customs officials (as was the case with the methanol from China that led to the vodka deaths described in ref B).

DAIRY PRODUCTS POSE SPECIAL PROBLEMS

¶110. (SBU) Specialists of the Mongolian Food Association are especially concerned about the quality of milk and milk products imported from China and Russia. Russian yeast for yogurts, they complain, is often of poor quality; Russian production standards are low, and give little consideration to hygiene. (Note: Even with 40 million livestock, Mongolia has to import 70% of the country's total urban demand for milk and milk products, due to lack of distribution capacity and high transport costs. Only 1.7% of domestically produced milk is pasteurized. End Note.)

¶111. (SBU) In 2007, 30 tons of pesticide-laden wheat from Russia had to be destroyed and a further 600 tons did not meet human consumption standards and were converted to use as animal fodder.

IMPROPER TRANSPORT

¶112. (U) According to the SSIA, 71% of all imported food is transported inappropriately, exposing it to contamination, and at least 9.7% of imported food was past its expiration date. (Note: Long travel time to markets and false labeling by some Chinese companies makes detecting outdated food particularly difficult. Of course, some Mongolian firms do the same. End Note.)

¶13. (SBU) Mongolia currently has little capacity to test imported food. Recently, the GOM reached an agreement with China on US\$1 million in funding to build border labs, to be overseen by Border Force and Customs personnel. Meanwhile, Parliament is considering legislation that would only allow larger, more established distributors to import food products. This would allow inspectors to keep closer tabs on food imports. Smaller importers oppose the GOM's intrusion into what they feel should be a market-driven process; they also feel the proposal would favor large, politically-connected importers.

GOM'S TESTING SYSTEM FLAWED

¶14. (SBU) The GOM's testing system is duplicative and wasteful. One importer of fine wines reported that he had to provide Customs with samples of each wine for testing. After Customs gave its approval, the SSIA demanded that the importer conduct the same tests at a lab approved by the SSIA, as the SSIA did not approve of the lab used by Customs. In addition, the importer argued that the testing standards used by both agencies were vague, out-dated, and arbitrarily imposed on him, but not on other importers. The importer complained to both Customs and the SSIA about their processes, suggesting that they combine testing regimes to more

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efficiently use their meager resources and to avoid delays and costs. However, both allegedly rejected the suggestion. We have heard similar complaints from those seeking to import meat, poultry, and other food products.

POOR STORAGE FACILITIES, VET SERVICES

¶15. (SBU) Imports are by no means the only source of dangerous food in Mongolia. The country is sorely lacking adequate storage facilities and refrigeration, for both imported and domestically produced food. This often results in severe spoilage in the warm summer months. Mongolia's meat supply comes mostly from domestic sources, but only meat destined for the capital tends to be certified as safe by a veterinarian at the time of slaughter. (Note: There is also concern that livestock, as well as fish, are ingesting increased levels of mercury and cyanide, due to artisanal mining. End Note.)

COMMENT

¶16. (SBU) GOM officials hope that by declaring this the Year of Food Supply and Safety they will be seen as proactively addressing these issues. Indeed, the President has declared that food safety and supply are now top GOM priorities. Privately, however, officials opine that there is an almost willful lack of awareness among Mongolians about food safety, despite the attention it has garnered in the media. However, many consumers have little faith in the pronouncements of government officials, who are seen as either turning a corrupt blind eye to tainted food products, or having a personal business interest in food importation or production. Few Mongolians realize they can demand certificates from the SSIA attesting to the quality of the food they purchase. Consumers continue to patronize gray-market food establishments, and with food prices rising, this trend is only expected to continue. Price, rather than safety, is the determining factor when purchasing food.

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